

**GUIDING PRINCIPLES AND FEE SETTING PROCESS
COUNTY OF SAN DIEGO
DEPARTMENT OF ENVIRONMENTAL HEALTH FEES**

A. FEES FOR SERVICE

1. FULL COST RECOVERY: Fees are set to achieve full cost recovery per Board of Supervisors policy B-29. Full cost recovery includes all direct and indirect costs associated with providing the service for which the fee is being charged.
2. REVIEW REQUIREMENTS: Board policy B-29 requires all fees to be reviewed annually, or more frequently, if warranted. It also requires the department to return to the Board with recommendations for fee increases or decreases, if there is any unreasonable positive or negative variance between the fee and the cost for the service for which the fee was charged.
3. INDIRECT COST ALLOCATION: Indirect costs such as administrative and management costs are allocated to the specific cost centers that receive the support associated with those costs based on the budgeted staff years for that program.
4. INDIRECT COST CALCULATION: Estimates of indirect costs are based on the prior year actual cost data and budget forecasts.
5. PROGRAM DEVELOPMENT: Determining the fees required to fund new programs, or significant modifications to existing programs are part of the program development process. Authorization for the implementation of any fee adjustments is proposed to the Board of Supervisors along with the recommendation for establishment of the program changes. This is done at a regularly scheduled Board hearing as a mid year Board action.
6. FEES PROGRAM SPECIFIC: Fees fund only the services for which they are being charged. Fees collected for one type of service or program are not used to fund other unrelated programs or services.

B. FEE SETTING PROCESS

1. WORK TEAMS: Each line division in the department has one or more work teams that convene each year. These work teams consist of stakeholders, the public and department staff. Work teams engage in an interactive process that includes examination of:
 - Program mandates,
 - Goals and objectives,
 - Performance and outcome measures,
 - Services delivered,
 - Methods of delivery,
 - Staffing levels,
 - Efforts to increase efficiency and effectiveness,
 - Congruence with the County Strategic Plan, and;
 - Cost

The objective of the work teams is to produce the most efficient organization possible, and to make recommendations for program and/or fee adjustments based on an evaluation of the above elements. The work teams have a goal of identifying a 5% cost reduction, cost containment and/or cost avoidance strategy per fiscal year. Cost reduction strategies would reduce cost below existing levels, possibly by reducing the staff hours required to complete a particular task as a result of process improvements and streamlining. Cost containment efforts would result in maintaining costs at current levels by absorbing an increased workload without increasing staffing. Cost avoidance efforts would minimize future costs, perhaps by working to modify existing mandates or proposed new ones.

2. FEE ADJUSTMENT RECOMMENDATION: Any recommendations for fee adjustments come from agreement reached by the work teams based on the requirements outlined above, and the detailed calculations related to determining the fully loaded cost associated with the service provided.
3. FEE ADJUSTMENT COUNTY REVIEW: Any recommended fee adjustments are reviewed by:
 - Department management,
 - Land Use and Environment Group Deputy Chief Administrative Officer,
 - County Chief Financial Officer/Auditor and Controller,
 - County Counsel,
 - Chief Administrative Officer, and;
 - Board of Supervisors and their staff
4. FEE ADJUSTMENT STAKEHOLDER AND PUBLIC PARTICIPATION: Stakeholders and the public have additional participation in the fee adjustment process by:
 - Discussion of the recommended fee adjustments in workshops held at various locations in the County,
 - Mailing the recommended fee adjustments to all permit holders,
 - Posting the recommended fee adjustments on the DEH website, and;
 - Publishing public notification of the recommended adjustments in local newspapers
5. FEE ADJUSTMENT BOARD OF SUPERVISORS: The final step in this process is to present any recommended fee adjustments to the Board of Supervisors for their consideration as part of a regularly scheduled Board hearing as a mid year Board action. This hearing is separate from the annual budget hearing.